

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 AID-20 CIAE-00 FRB-02

INR-10 NSAE-00 RSC-01 XMB-07 OPIC-12 SPC-03 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-20 STR-08 CEA-02 L-03

H-03 DODE-00 PA-04 USIA-15 PRS-01 FSE-00 ABF-01 DRC-01

/181 W

----- 114090

R 131855Z NOV 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5552

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDOC WASHDC

TREASURY DEPT WASHEC

UNCLAS SECTION 1 OF 2 LONDON 13301

DEPARTMENT FOR FRB

E.O. 11652:N/A

TAGS: EFIN, UK

SUBJECT: UK TRADE IN OCTOBER

BEGIN SUMMARY: IN OCTOBER, THE UK RECORDED A VISIBLE TRADE

DEFICIT OF 298 MILLION POUNDS (S.A.) WITH EXPORTS TF 1008

MILLION POUNDS (F.O.B., S.A.) AND RECORD IMPORTS OF 1306

MILLITN PTUNES (F.O.B., S.A.). THE BALANCE ON SERVICES

AND OTHER TRANSACTIONS IS ESTIMATED TO HAVE BEEN RUNNING

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AT A MONTHLY SURPLUS OF ABOUT 65 MILLION POUNDS. THE
CURRENT ACCOUNT IS ESTIMATED TO HAVE BEEN IN DEFICIT BY
233 MILLION POUNDS. END SUMMARY

1. IN OCTOBER, THE UK HAD A VISIBLE TRADE DEFICIT OF 298
MILLION POUNDS (S.A., F.O.B., B/P BASIS), COMPARED WITH
A VISIBLE TRADE DEFICIT OF 177 MILLION POUNDS (REVISED) IN
SEPTEMBER AND A DEFICIT OF 193 MILLION POUNDS IN
AUGUST. IN THE THREE MONTH PERIOD AUGUST-OCTOBER, THE
AVERAGE MONTHLY DEFICIT ON VISIBLE TRADE WAS 224 MILLION
POUNDS A MONTH COMPARED WITH 168 MILLION POUNDS A MONTH
IN THE PREVIOUS THREE MONTHS. THE TERMS OF TRADE HAVE
CONTINUED TO MOVE AGAINST THE UK IN THE THIRD QUARTER.

WHEN 2ND AND 3RD QUARTER ARE COMPARED, TERMS OF TRADE

WORSENEDED BY 6 PERCENT, THE IMPORT UNIT VALUE INDEX RISING
BY NEARLY
10 PERCENT AND THE EXPORT UNIT VALUE INDEX BY
OVER 3 PERCENT.

2. THE VALUE OF UK EXPORTS IN OCTOBER WAS 1008
MILLION POUNDS (S.A., F.O.B., B/P BASIS) DOWN FROM 1062
MILLION POUNDS (REVISED) IN SEPTEMBER AND 1013 MILLION
POUNDS IN AUGUST. IN THE THREE-MONTH PERIOD AUGUST-
OCTOBER, EXPORTS AVERAGED 1027 MILLION POUNDS PER MONTH,
8 PERCENT HIGHER THAN IN THE PREVIOUS THREE MONTHS AND
34 PERCENT HIGHER AT AN ANNUAL RATE THAN THE AVERAGE IN
2ND HALF 1972. DELIVERIES INCREASED TO WESTERN EUROPE BY
13 PERCENT; TO THE EC BY 9 PERCENT; TO THE STERLING AREA
OUTSIDE EUROPE BY 4 PERCENT; TO ALL OTHER MARKETS BY 8
PERCENT; BUT FELL TO NORTH AMERICA BY 2 PERCENT WHEN MAY-
JULY IS COMPARED TO AUGUST-OCTOBER.

3. THE VALUE OF UK IMPORTS IN OCTOBER WAS A RECORD 1306
MILLION POUNDS (S.A., F.O.B., B/P BASIS), UP FROM 1239
MILLION POUNDS IN SEPTEMBER, AND 1206 MILLION POUNDS IN
AUGUST. IMPORT FIGURES WERE AFFECTED BY A STRIKE
OF POST OFFICE WORKERS WHO NORMALLY PROCESS IMPORT
DOCUMENTS AND THE OCTOBER FIGURES WILL BE ADJUSTED WHEN
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THE TRADE FIGURES FOR NOVEMBER ARE ANNOUNCED. THE
TREASURY NOTES THAT THE INCREASE IN IMPORTS IS ACCOUNTED
FOR BY THREE SPECIAL FACTORS. FIRST, IMPORTS OF PRECIOUS
STONES (MOSTLY DIAMONDS)-MOST OF WHICH ARE THEN EXPORTED
WERE MUCH HIGHER THAN USUAL. THEIR VALUE WAS 31 MILLION

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H-03 DODE-00 PA-04 USIA-15 PRS-01 FSE-00 ABF-01 DRC-01

/181 W

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R 131855Z NOV 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5553

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDOC WASHDC

TREASURY DEPT WASHDC

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POUNDS HIGHER IN OCTOBER THAN IN SEPTEMBER AND THE
VALUE OF EXPORTS WAS 26 MILLION POUNDS LOWER (PARTLY DUE
TO THE MIDDLE EAST CRISIS). THIS LARGE CHANGE IN THE
TRADE IN PRECIOUS STONES IN THE MONTH ACCOUNTED FOR
ABOUT HALF THE 121 MILLION POUND INCREASE IN THE TRADE
DEFICIT. SECOND, IMPORTS OF FUELS WERE 46 MILLION
POUNDS HIGHER. THIRD, THERE WAS A SHARP INCREASE IN THE
VALUE OF DELIVERIES OF SHIPS CONSTRUCTED IN FOREIGN
YARDS AND DELIVERED ABROAD FOR UK CUSTOMERS (44 MILLION
POUNDS HIGHER). THE FIGURES FOR AUGUST-OCTOBER SHOW
IMPORTS AVERAGING 1251 MILLION POUNDS A MONTH, 12 PERCENT
HIGHER THAN THE AVERAGE IN THE PREVIOUS THREE MONTHS.
IMPORTS FROM WESTERN EUROPE INCREASED BY 14 PERCENT, THE
EC BY 11 PERCENT, FROM THE U.S. BY 1 PERCENT, FROM THE
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STERLING AREA OUTSIDE EUROPE BY 14 PERCENT, AND THE RET OF THE WORLD BY 12 PERCENT WHEN THE TWO THREE-MONTH PERIODS ARE COMPARED.

4. THE SURPLUS ON INVISIBLES RAN AN ESTIMATED 65 MILLION POUNDS. THE ESTIMATED CURRENT ACCOUNT DEFICIT FOR OCTOBER IS THUS PUT AT 233 MILLION POUNDS COMPARED TO A DEFICIT OF 112 MILLION POUNDS (REVISED) IN SEPTEMBER.

5. THE TOTALS FOR THE VISIBLE TRADE ACCOUNT FOR THE FIRST TEN MONTHS OF 1973 COMPARED TO THE FIRST TEN MONTHS OF 1972 ARE AS FOLLOWS:

	EXPORTS	IMPORTS	BALANCE
1972	7427	7965	-538
1973	9509	11096	-1587

NOTE: FIGURES HAVE BEEN REVISED, ALL FIGURES ARE F.O.B., S.A., B/P BASIS IN MILLIONS OF POUNDS.

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